

Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

June 2006

Cheddar Cheese and Grade A Butter Commodity Prices Steady . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity price for Cheddar cheese was slightly higher and Grade A Butter was slightly lower compared to last month. Consequently, the prices for all types of milk edged up slightly: whole milk increased two tenths of a cent per gallon; reduced fat milk increased three tenths of a cent per gallon; lowfat milk increased four tenths of a cent per gallon; and skim milk increased four tenths of a cent per gallon.

Milk production across the U.S. continues to be strong and show increases compared to last year. California milk production is also higher than last year at this time. Across the nation, excess milk production continues to be processed into butter and nonfat powder products. Retail sales of cheese continue to be strong and fluid milk sales remain steady as we move into the summer season.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

*See lowest reported lawful retail milk prices on page 2.

Minimum Prices for the Four Types of Fluid Milk by Container Size for July 2006

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.064	\$0.532	\$0.266	\$0.133	\$0.089	\$0.066
Reduced Fat 2%	\$0.982	\$0.491	\$0.246	\$0.123	\$0.082	\$0.061
Lowfat 1%	\$0.936	\$0.468	\$0.234	\$0.117	\$0.078	\$0.058
Nonfat (Skim)	\$0.711	\$0.356	\$0.178	\$0.089	\$0.059	\$0.044
Southern California						
Whole	\$1.087	\$0.544	\$0.272	\$0.136	\$0.091	\$0.068
Reduced Fat 2%	\$1.006	\$0.503	\$0.251	\$0.126	\$0.084	\$0.063
Lowfat 1%	\$0.960	\$0.480	\$0.240	\$0.120	\$0.080	\$0.060
Nonfat (Skim)	\$0.736	\$0.368	\$0.184	\$0.092	\$0.061	\$0.046

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.002	\$0.001	\$0.000	\$0.000	\$0.000	\$0.000
Reduced Fat 2%	\$0.003	\$0.002	\$0.001	\$0.000	\$0.000	\$0.000
Lowfat 1%	\$0.004	\$0.002	\$0.001	\$0.001	\$0.000	\$0.000
Nonfat (Skim)	\$0.004	\$0.002	\$0.001	\$0.001	\$0.000	\$0.000

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

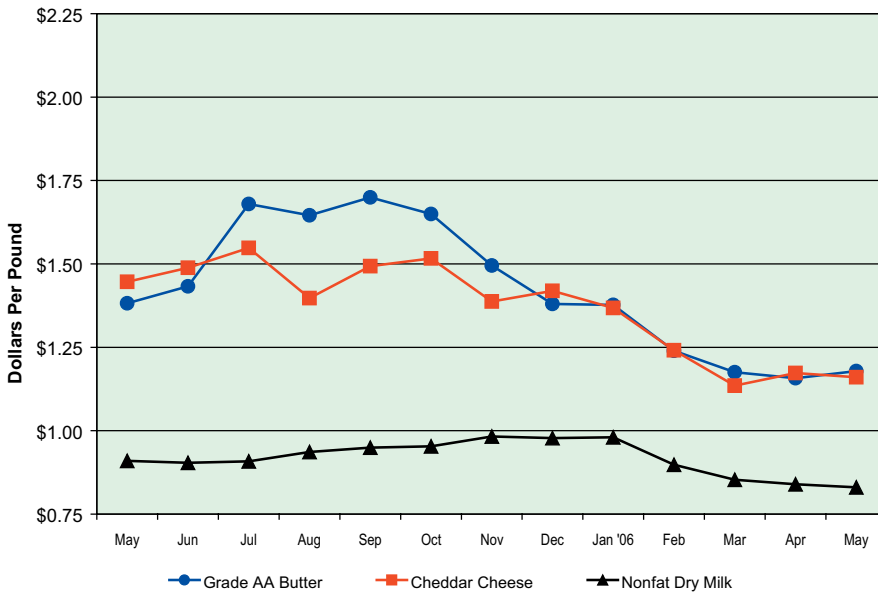
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
July	\$0.21	\$1.40	\$0.54
August	\$0.22	\$1.49	\$0.57
September	\$0.22	\$1.49	\$0.57
October	\$0.23	\$1.59	\$0.61
November	\$0.23	\$1.59	\$0.61
December	\$0.23	\$1.50	\$0.58
January '06	\$0.23	\$1.50	\$0.58
February	\$0.22	\$1.35	\$0.52
March	\$0.22	\$1.35	\$0.52
April	\$0.19	\$1.17	\$0.45
May	\$0.19	\$1.17	\$0.45
June	\$0.19	\$1.14	\$0.44

National Commodity Prices May 2005 - May 2006



Lowest Reported Lawful Retail Prices for Milk June 2006

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.19	\$2.10
Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.39	\$1.70
<u>Southern California</u>		
Whole Milk	\$3.99	\$2.00
2% Reduced Fat	\$3.89	\$1.95
1% Lowfat	\$3.89	\$1.95
Nonfat/Skim	\$3.29	\$1.65

This newsletter can also be found on our website at:
www.cdffa.gov/dairy/milkpricing-nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814



First Class Mail
U.S. Postage
PAID
Permit No. 81
Sacramento, CA